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FEDERAL COMMUNICATIONS COMMISSION
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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Implementation of Section 309(j))
of the Communications Act)
Competitive Bidding)

PP Docket No. 93-253

To: The Commission

REPLY COMMENTS OF DIAL PAGE, INC.

Dial Page, Inc. ("Dial Page"), by its attorneys and pursuant to Rule Section 1.415, submits its reply to the comments submitted with respect the Commission's Notice of Proposed Rule Making ("NPRM") to implement competitive bidding to choose from among mutually exclusive applications for initial licenses for certain services, including the Personal Communications Service ("PCS"). See NPRM, FCC 93-455, 8 FCC Rcd ____ (October 12, 1993). In support, the following is shown:

1. As Dial Page indicated in its opening comments, it provides Public Mobile Service, Private Carrier Paging Service, and SMR Service throughout the southeastern United States. Dial Page currently provides service to or has agreements to acquire operating systems serving approximately 400,000 wireless subscribers.^{1/} Dial Page sees PCS as complimentary to the existing

^{1/} Dial Page currently provides paging services in small-to-medium sized metropolitan areas throughout nine southeastern states. Throughout those areas, it maintains 27 offices from which to serve its customers. The total population covered by Dial Page's system is approximately 49 million. The company's multi-state system has more than 200,000 subscribers, making Dial Page one of the 20 largest providers of paging services in the United States. In 1986, Dial Page pioneered the

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mobile communications services it provides. Dial Page's experience in and ongoing commitment to offering wireless communications services, such as PCS, makes it uniquely qualified to comment in this proceeding.

2. As Dial Page indicated in its comments, in fashioning a method for the licensing of PCS through spectrum auctions, the Commission should be guided by three goals: (1) speed in issuing the authorizations so that the public may be provided service with dispatch; (2) flexibility to operators to fashion their services to best meet customer demand; and (3) fairness to those entities bidding for licenses.

3. **Combinatorial bids.** In reviewing the voluminous comments submitted with respect to the NPRM, it appears the greatest difference of opinion lies with respect to the subject of combinatorial bids. As indicated in its comments, Dial Page opposes combinatorial bidding. Such a practice is directly contrary to the Congressional mandate to the Commission to make opportunities available for small business entities. As Dial Page indicated, if combinatorial bidding is allowed, the bulk of the PCS spectrum will likely be awarded to the larger operators.

4. Moreover, as Dial Page pointed out, administrative problems exist in implementing a system of combinatorial bidding.

¹/(...continued)

development of regional paging systems by introducing alphanumeric service. Since then, Dial Page has penetrated 12 percent of the market, three times the national average. Today, the network covers nine southeastern states and utilizes state-of-the-art interactive satellite technology.

Such a practice is likely to result in multiple overlapping bids, creating huge daisy chains for the Commission to untangle. This is likely, in turn, to delay significantly the process of awarding licenses, directly contrary to Congress's mandate.

5. In addition, as Dial Page pointed out, the process would be unfair to winning bidders for individual markets who presumably would be required immediately to ante up 20 percent or so of their winning bids, only to be forced to wait and see what happens when the combinatorial bids are submitted. In light of this fact, Dial Page perceived that few, if any, small operators would be willing to tie up their capital by bidding on a PCS frequency block if it could be taken out from under them, even if theirs were the highest bid. The ultimate result of such combinatorial bidding is likely to be lower bids than if the spectrum were awarded by individual market area.^{2/}

^{2/} Despite these serious concerns, to the extent combinatorial bidding is nevertheless allowed, Dial Page pointed out that it should be limited only to the MTAs, and not allowed at all in the BTAs, which should be reserved for smaller, independent operators who cannot hope to raise the capital necessary to compete for award of a frequency block nationwide or regionally. Furthermore, to the extent combinatorial bidding is allowed, those bids should be submitted prior to the bidding for individual markets, and should be used as a floor for individual market auctions. Combinatorial bidders should also be required to make a significant up-front deposit of 50 percent of the bid when placing their bids to avoid speculators who are unable to finance a winning bid. Finally, combinatorial bidders should be strictly required to meet the build-out requirements in all MTAs they acquire by bidding or they should forfeit their combined market license. As Dial Page noted, this is an important safeguard necessary to prevent speculators who would otherwise tie up smaller markets which would have been built in the absence of a winning combinatorial bid.

6. Review of the other comments submitted demonstrates the accuracy of Dial Page's initial analysis of this issue. As a number of commenters correctly point out, combinatorial bidding is likely to freeze out small entities, including minorities and rural telephone companies, from holding the 102 block A and B PCS licenses, and would otherwise run counter to the Congressional goals of avoiding concentration of market power and distributing licenses among a variety of applicants. See Comments of Rochester Telephone Corporation at 9; Comments of Quentin L. Breen; Comments of National Association of Black Owned Broadcasters, Inc. at 4-5; Comments of Rural Cellular Association at 9; Comments of The Small Telephone Companies of Louisiana at 7-10; Comments of Sprint Corporation at 5; Comments of Telephone and Data Systems, Inc. at 11-15; Comments of U.S. Intelco Networks, Inc.

7. Moreover, combinatorial bidding would undermine the license area and spectrum allocation plan established by the FCC in its PCS order and introduce unwarranted complexity and uncertainty into the bidding process. Comments of AT&T at 4-8; Comments of BellSouth Corporation and related entities at 6-11; Comments of McCaw Cellular Communications, Inc. at 7-14; Comments of Pacific Bell and Nevada Bell at 5-9; Comments of Paging Network, Inc. at 18-22; Comments of Rural Cellular Association at 9; Comments of The Small Telephone Companies of Louisiana at 9-10; Comments of Southwestern Bell Corporation at 22-24, 26-28; Comments of Telocator at 5-7. See also Comments of Comcast Corporation at 4-7; Comments of Comsat Corporation at 14-15. In light of the clear

persuasive case against the allowance of combinatorial bidding, the Commission should reject this method of choosing PCS licenses.

8. Other matters. Certain other matters raised in the comments of other parties deserve attention. Dial Page strongly agrees with those parties which have argued against the auctioning of intermediate links, such a point to point microwave frequencies. Dial Page agrees that it was not Congress's intent that such frequencies would be subject to auction. These are frequencies more akin to private radio facilities, necessary for the internal operations of carriers, and are not of the same category of spectrum such as the frequencies being auctioned for PCS service. See Comments of American Personal Communications; Comments of AT&T; Comments of BellSouth Corporation and related entities at 45; Comments of California Microwave, Inc.; Comments of Comsat Corporation at 13; Comments of Cox Enterprises, Inc.; Comments of McCaw Cellular Communications, Inc. at 23-29; Comments of National Telephone Cooperative Association at 16; Comments of Pacific Bell and Nevada Bell at 18-19. Moreover, as various parties have argued, because such frequencies are subject to coordination, they are not normally subject to mutually exclusive application situations. See, e.g., Comments of General Communications, Inc. at 14; Comments of GTE at 3-4; Comments of MCI Telecommunications Corporation. Congress specifically intended the Commission to continue existing methods of avoiding mutual exclusivity. Auctioning point to point microwave spectrum would be a clear

attempt at revenue maximization, which Congress specifically directed the Commission not to do.

9. Likewise, auctioning 800 MHz SMR spectrum is inappropriate. That spectrum is specifically subject to procedures which substantially prevent mutual exclusivity. Inasmuch as Congress has specifically directed the Commission to continue to avoid such mutually exclusive situations wherever possible, the Commission should continue its current method of awarding 800 MHz SMR licenses. See Comments of Motorola, Inc. at 1. That same approach should be followed with respect to wide area 800 MHz systems, since these are merely reconfigurations of existing systems. See generally Comments of American Mobile Telecommunications Association, Inc. at 8-15; Comments of JMP Telecom Systems, Inc. at 7; Comments of National Association of Business and Educational Radio, Inc. at 8-10.

Respectfully submitted,

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